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Guidance Letter 11-003 - Amended

Date: 3-30-12

To: County Assessors and County Treasurers

From: Terry E. Rubald, Chief, Division of Assessment Standards

A handwritten signature in cursive script, reading "Terry E. Rubald".

CC: William Chisel, Executive Director, Department of Taxation
Stacey Crowley, Director, Office of Energy
Bruce Bartolowits, Supervisor, Locally Assessed Properties

Subject: **Distribution of Property Taxes Received from Renewable Energy Properties
Receiving an Abatement pursuant to NRS 701A.385**

SUMMARY: Guidance Letter 11-003-Amended supersedes the memorandum dated June 29, 2011 with regard to the distribution of property taxes received from renewable energy properties receiving an abatement pursuant to NRS 701A.385. This amendment changes the guidance on how to make a distribution to the State Renewable Energy Fund, as well as contact information at the Department of Taxation. See subsections 6 and 7.

NRS 701A.385 provides that if the Nevada Energy Commissioner (now the Director of the Office of Energy), approves an application for a partial abatement on certain qualifying renewable energy properties (NRS 701A.300 to 701A.390), then 55% of the amount of property taxes collected after the abatement is applied must be distributed to the local governmental entities that are entitled to receive those taxes in proportion to the relative amount of those taxes the entities would be entitled to receive; and 45% of the amount of the property taxes collected from the facility during the period of abatement must be distributed to the State of Nevada Renewable Energy fund created by NRS 701A.450.

AUTHORITY:

NRS 360.250(2)(a): The Nevada Tax Commission may confer with, advise and direct county assessors, sheriffs as ex officio collectors of licenses and all other county officers having to do with the preparation of the assessment roll or collection of taxes or other revenues as to their duties.

APPLICATION:

- 1.) The Director of the Office of Energy notifies the Department of Taxation, county commissioners, assessors, and treasurers when a renewable energy property has been approved for a partial abatement. The notification consists of a certificate of eligibility for the abatement.
- 2.) Property tax abatements on certified eligible properties are equal to 55% of the taxes on real and personal property payable by the facility each year for 20 years, from the date of approval of the application for abatement. If the taxes were billed prior to the date of approval of the abatement, the abatement is not applied until the next fiscal year. *See also NRS 701A.370(1)(a).*
- 3.) Calculate the total taxes due prior to the abatement, then apply the 55% abatement rate.
- 4.) The taxes to be collected after abatement equal 45% of the total taxes calculated.
- 5.) After collection, distribute the taxes in the following manner:
 - a.) Fifty-five percent (55%) of the taxes after abatement ($55\% * 45\%$) must be distributed to local government entities within the tax district where the renewable energy property is located. One way to calculate the amount due to each entity is to multiply the total taxes due after abatement times the tax rate of the entity and divide that number by the combined rate of the tax district to obtain the net taxes due to each entity. *See attached spreadsheet model as an example.*
 - b.) Forty-five percent (45%) of the taxes after abatement ($45\% * 45\%$) must be distributed to the Nevada State Renewable Energy Fund. The distribution that was formerly made to the State's debt fund (17 cents) does not apply for the renewable energy properties approved for abatement by the Office of Energy.
- 6.) Please refer to the letter from the Office of Energy to determine how the taxes should be remitted to the State of Nevada for distribution to the Renewable Energy Fund. If you have questions about the distribution to the State's Renewable Energy Fund, you may contact Stephanie Brooks, Nevada State Office of Energy, at 775-687-1850.
- 7.) If you have questions about the spreadsheet example or wish to obtain an interactive copy, please contact Tatjana Vukovic, 684-2018.

WEBSITE LOCATIONS:

Nevada Revised Statutes (NRS): <http://www.leg.state.nv.us/NRS/>
Nevada Administrative Code: <http://www.leg.state.nv.us/NAC/CHAPTERS.html>

Department of Taxation Guidance letters: <http://www.tax.state.nv.us>; then select "Publications;" then select Assessment Standards Publications and "Guidance letters."